

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7258

BILL NUMBER: SB 618

DATE PREPARED: Jan 20, 1999

BILL AMENDED:

SUBJECT: Registration of motor vehicles.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill authorizes a retail lessor or a person licensed to buy or sell motor vehicles to act as agent for registration of a vehicle for a purchaser or lessor of a vehicle. It authorizes insurance agents or authorized insurance representatives of an insurance company authorized to do business in Indiana to act as an agent for registration of a vehicle for a policyholder and to charge a fee of not more than \$10 for the service. The bill requires a person seeking a license to buy or sell motor vehicles to state the intent of the applicant to act as an agent for its purchasers or lessors for the registration of a vehicle. It permits the suspension or revocation of a license to buy or sell motor vehicles if there is a willful violation of a federal or state law. The bill allows a corporation that pays registration fees for vehicles of the corporation on or before the tenth day of the month in which the fees are due to pay a registration fee of \$10 for the transaction. It allows a person who pays a vehicle registration fee on or before the tenth day of the month in which the fees are due to receive a credit of \$10 for each registration.

Effective Date: July 1, 1999; January 1, 2000.

Explanation of State Expenditures: For the Bureau of Motor Vehicles, there may be an increase in postage due to the increase in mailing of registrations and plates to individuals who use the newly created mechanism of registration through auto dealers and/or insurance agents. The specific impact is indeterminable and will depend upon the number of such registrations. The fund affected is the Motor Vehicle Highway Account which supports the Bureau of Motor Vehicles.

If more people register their vehicles through auto dealers and/or insurance agents, it is possible that there could be a reduction in the number of employees at the 168 license branches throughout the state. Currently, there are approximately 1,400 Bureau of Motor Vehicles Commission employees. The fund affected is the State License Branch Fund which supports the operation of the state license branches.

Explanation of State Revenues: This bill authorizes auto dealers and/or insurance agents to act as an agent for the registration of a motor vehicle. The agent may charge a fee of not more than \$10 for the service. This

is in addition to the normal registration fee for the motor vehicle. The specific impact upon the Bureau of Motor Vehicles and/or the Bureau of Motor Vehicles Commission is indeterminable and will depend upon the number of people who use the newly created mechanism to register their vehicles. The funds affected are the Motor Vehicle Highway Account, the State License Branch Fund, and the Crossroads 2000 Fund.

The bill provides for a **\$10 fee** for **corporations** and **rental car companies** who use the mail and mail in by the required due date.

For example, for corporations and rental car companies registering several vehicles, if they comply with the provisions of this bill and mail in the registrations by the required due, they will pay a fee of \$10 for the transaction, regardless of the number of vehicles registered in the transaction. For the Bureau of Motor Vehicles and the Bureau of Motor Vehicles Commission, there will be a significant revenue loss, the specific amount of which is indeterminable and will depend upon the number and type of vehicles involved.

There are 278 rental car companies and 40,000 rental car vehicles and 238,773 corporation-owned vehicles and an estimated 15,110 corporations. It has been assumed that the vehicles are evenly divided among the rental car companies and the corporations, if this is the case, the impact would be as follows:

For rental cars, there would be 278 vehicles registered for \$10 each, or \$2,780 in revenue. The remaining vehicles (39,722) would pay no registration fee. The total registration fee for passenger cars is \$16.75. Therefore, there would be a revenue loss estimated at \$665,344, or $39,722 \times \$16.75$. For corporation-owned vehicles, there would be 15,110 vehicles registered for \$10 each, or \$151,100. The remaining vehicles (223,663) would pay no registration fee. There would be a revenue loss estimated at approximately \$3.75 million ($223,663 \times \16.75).

The bill provides for a **\$10 credit** for all **individuals** who use the mail and mail in by the required due date.

In 1997, 1,318,154 of all vehicle registrations were conducted by mail. Removing the 278,773 corporate and rental vehicles addressed above, would leave the owners of 1,039,831 vehicles who used the mail to register their vehicles. These individuals would receive a \$10 credit if they mailed in their renewals by the required due date. If this were the case, there would be a revenue loss of approximately \$7.02 million ($1,039,831 \times \6.75). The funds affected are the Motor Vehicle Highway Account, the State License Branch Fund, and the Crossroads 2000 Fund. The impact over time will depend upon the number of vehicles involved. It is possible that the provisions of this bill will encourage more people to use the mail to register their vehicles.

RECAP OF ESTIMATED REVENUE LOSS

Rental Car Companies and Corporation-owned vehicles	(\$ 4.41 million)
Individuals	(\$ 7.02 million)
Total	(\$11.43 million)

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles; Bureau of Motor Vehicles Commission.

Local Agencies Affected:

Information Sources: BMV Regstats and the RBP 99; Jane Morrical, Director of Treasury for the BMV, 232-2822.